

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1466 - SB 1343**

March 20, 2023

**SUMMARY OF BILL:** Prohibits a person under 21 years of age from purchasing or owning a firearm unless the person is at least 18 years of age and possesses certain military qualifications.

**FISCAL IMPACT:**

**Decrease State Revenue – Net Impact – \$339,000/FY23-24 and Subsequent Years**

**Decrease Local Revenue – Net Impact – \$138,400/FY23-24 and Subsequent Years**

Assumptions:

- A violation of the proposed changes would be a Class A misdemeanor.
- Pursuant to Tenn. Code Ann. § 39-17-1303(a)(1), it is a Class A misdemeanor offense to intentionally, knowingly, recklessly sell, loan, or make a gift of a firearm to a minor.
- Pursuant to Tenn. Code Ann. § 39-17-1303(b)(1), it is a defense to a violation of this prohibition if the firearm was loaned or given to a minor for the purposes of hunting, trapping, fishing, camping, sport shooting or any other lawful sporting activity and the person providing the firearm was not required to obtain a federal firearms dealer license number.
- The definition of minor in the current statute is a person under the age of 18. The proposed legislation defines minor as a person under the age of 21 for these purposes, or under the age of 18 if that person possesses certain other military qualifications. This has the effect of prohibiting the purchase or possession of firearms for most people under the age of 21 except for the provided exceptions, and makes it an offense for those minors to purchase or own a firearm.
- Based on conviction data provided by the Administrative Office of the Courts, in the last five years there have been an average of six convictions statewide for violations of the relevant statute, which includes two other offenses.
- Raising the legal age to purchase or possess a firearm from 18 years of age to 21 years of age unless the person is at least 18 years of age and possesses certain other military qualifications is not estimated to significantly impact the total number of Class A misdemeanor convictions.
- Therefore, any fiscal impact to state or local government related to fines or incarceration for such violations is estimated to be not significant.

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- It is assumed that raising the legal age to legally purchase a firearm to 21 will result in a decrease in firearm sales and thus an associated decrease in state and local sales tax revenue.
- Based on information provided by the Department of Revenue, a review of firearms industry data, and background check data published by the Federal Bureau of Investigation, the number of firearms legally sold in Tennessee in 2022 is estimated to be 430,668.
- According to the 2021 *American Community Survey* performed by the United States Census Bureau, the population aged 18-24 in Tennessee in 2021 was estimated to be 623,070. It is assumed that persons aged 18-20 comprise 43 percent of that total.
- Therefore, it is estimated that 267,920 people ( $623,070 \text{ people} \times 43\%$ ) aged 18-20 would be ineligible to purchase a firearm under the proposed legislation.
- According to the same data, the total population aged 18 years and over is 5,437,603.
- The percentage of the Tennessee population that is estimated to be ineligible to purchase a firearm under the proposed legislation is 4.9 percent ( $267,920 \text{ aged } 18-20 / 5,437,603$ ).
- For the purposes of this analysis, it is assumed that all age groups are equally likely to purchase a firearm. Further, this analysis does not take into consideration the small number of military members between the ages of 18 and 21 that would be exempt from this prohibition.
- Therefore, the proposed legislation is assumed to result in a decrease in annual firearm sales by an estimated 21,103 firearms ( $430,668 \text{ firearms} \times 4.9\%$ ).
- The average price for a firearm is assumed to be \$250.
- The total taxable sales loss is therefore estimated to be \$5,275,750 ( $21,103 \text{ firearms} \times \$250$ ) in FY23-24 and subsequent years.
- The current state sales tax rate is 7.0 percent; the average local option sales tax rate is estimated to be 2.5 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- The recurring decrease in state sales tax revenue is estimated to be \$355,945  $[(\$5,275,750 \times 7\%) - (\$5,275,750 \times 7\% \times 3.617\%)]$  in FY23-24 and subsequent years.
- The recurring decrease in local sales tax revenue is estimated to be \$145,252  $[(\$5,275,750 \times 2.5\%) + (\$5,275,750 \times 7\% \times 3.617\%)]$  in FY23-24 and subsequent years.
- Fifty percent of tax savings, or \$250,599  $[(\$355,945 + \$145,252) \times 50\%]$ , will be spent in the economy on other sales-taxable goods and services.
- The recurring increase in state sales tax collections is estimated to be \$16,908  $[(\$250,599 \times 7\%) - (\$250,599 \times 7\% \times 3.617\%)]$  in FY23-24 and subsequent years.
- The recurring increase in local sales tax collections is estimated to be \$6,899  $[(\$250,599 \times 2.5\%) + (\$250,599 \times 7\% \times 3.617\%)]$  in FY23-24 and subsequent years.
- The net recurring decrease in state revenue as a result of the proposed legislation is estimated to be \$339,037 ( $\$355,945 - \$16,908$ ) in FY23-24 and subsequent years.
- The net recurring decrease in local revenue as a result of the proposed legislation is estimated to be \$138,353 ( $\$145,252 - \$6,899$ ) in FY23-24 and subsequent years.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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